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C O N F I D E N T I A L SECTION 01 OF 02 ABUJA 002322

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DOE FOR CHAYLOCK AND GPERSON

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TAGS: [ENRG](#) [EPET](#) [ECON](#) [PREL](#) [NI](#)
SUBJECT: NIGERIA: EXXONMOBIL DISCUSSES YAR'ADUA'S HEALTH
AND BUSINESS ENVIRONMENT

REF: A. ABUJA 2269
[1](#)B. ABUJA 2146

Classified By: Acting Economic Counselor Anthony Fernandes for reasons
1.4 (b & d)

[1](#)1. (C) SUMMARY: On November 17, 2008 ExxonMobil (EM) senior officials reported to the Ambassador that President Yar'Adua appeared frail and thinner than usual in their meeting with him that day. EM officials also expressed disappointment in the lack of progress in the current administration and cited the recent cabinet reshuffle as paralyzing all work with the ministries (reftel B). EM officials said not a lot of positive steps taken on resolving GON issues with oil majors thus far in President Yar'Adua's tenure. EM hoped that USG assistance could help with capacity building efforts within the Nigerian government (GON) especially to improve the policy environment in the oil sector, help with payment arrears, and training for the GON military in protecting the Bonney Channel. According to EM, they believe that the rumors that the President's President's Advisor on Energy Rilwanu Lukman will be the next energy minister. END SUMMARY

PRESIDENT YAR'ADUA'S HEALTH

[1](#)2. (C) On November 17 the Ambassador met with Rick Kruger, President of the ExxonMobil Production Company President, John Chaplin, outgoing Exxon Mobil Nigeria Managing Director (MD), Mark Ward, incoming ExxonMobil Nigeria MD, and John Fry, Africa Vice President for the Exxon Mobile Production Company. EM officials reported that they had a meeting with President Yar'Adua earlier in the day and the President's Advisor on Energy Rilwanu Lukman attended. Chaplin said the President appeared thinner and more frail since the last time they saw him. In addition, the meeting was more formal than in the past, with more GON participants than previously.

MORE OF THE SAME

[1](#)3. (C) Chaplin said that the oil industry's problems continue unabated and reported that Shell and Chevron had security incidents over the November 15-16 weekend. The Ambassador asked their thoughts on the new patrol boats Nigeria obtained to further secure Bonney Channel and Chaplin replied that "they look good, but they have a high concern as to whether Nigeria has the capacity to provide proper maintenance of the boats, a problem experienced with the older boats." Chaplin underscored that the boats must be in top shape and perform well under threat conditions if they are to serve as a deterrent. Chaplin said any help the USG could provide to the GON for river training would be "very good." The Ambassador explained that the USG has offered training to the GON, but offers, to date, have not been accepted.

¶4. (C) Chaplin queried the Ambassador on her thoughts and experience with the Niger Delta Development Commission (NDDC). The Ambassador responded that the NDDC's report card was not outstanding, and she has not seen the projects in place that should be there on development, health and education. She mentioned a lot of money from the IOC's and the GON flow to the NDDC without clear transparency in accomplishments. (NOTE: The NDDC operates under the mandate of improving social and environmental conditions in the South-South or oil producing region. END NOTE).

CABINET DISARRAY - CAUTION AHEAD

¶5. (C) Chaplin opined that the complications from the recent sacking of 20 ministers has "left a hole in the government" further exacerbated by the pending supreme court's decision on the 2007 presidential election. The Ambassador concurred and noted that there is wide speculation on scenarios discussed around town that the new ministers will not be named until after the supreme court decision. Chaplin brought up the issue of problems with the sanctity of contracts and the Ambassador outlined the advocacy process and encouraged EM to engage.

GON COMPETENCY A PROBLEM

¶6. (C) Kruger and Chaplin shared that the oil companies typically have a seasaw type look to their earnings and margins and as long as they level out in a positive manner all is well. Currently, the risk is beginning to be bigger

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than the reward and EM's frustration with the business environment in Nigeria continues. Chaplin said that there is a lack of competency among the staff in the ministries and the ministers and their limited staff do not understand most issues. The Ambassador agreed that capacity building was an element that the U.S. Mission is working on as well as others. She said that the ministers don't have the staff to develop briefs, leaving a void. Chaplin said "at the end of the day, business can't get what they need and what they want." Fry requested that any capacity building support the USG could contribute to the GON would be welcomed.

¶7. (C) Chaplin noted that the competency issue has created confusion at the President's level, particularly considering the pending reorganization of the Ministry of Energy and Nigerian National Petroleum Corporation (NNPC). EM officials commented that if Rilwanu Lukman becomes the next Minister of Energy the situation could improve because he has experience, history in the oil and gas sectors, and would likely be able to build a more competent staff. (NOTE: Lukman is an ex-oil minister, minister of foreign affairs, and served as secretary general of the Organization of Petroleum Exporting Countries (OPEC). Retel A provides further background information. END NOTE.)

¶8. (C) COMMENT: EM, like other U.S. companies in Nigeria, expressed a common theme of frustration with the GON's lack of forward movement as well as arrears in oil payment on joint ventures. This issue is one the U.S. Mission pushes regularly, including the sancity of contracts, and transparency in business transactions. END COMMENT.

¶9. (U) This cable was coordinated with Consulate Lagos.

Sanders